

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2007-08 GOVERNOR'S BUDGET HIGHLIGHTS**

Message from the Director

The 2007-08 Governor's Budget reflects the Department's continuing commitment to providing services and supports to persons with developmental disabilities while maximizing federal and other funding resources to implement the Lanterman Developmental Disabilities Services Act. The proposed budget totals \$4.3 billion (\$2.6 billion General Fund) reflecting a net increase of \$233 million (\$36.5 million General Fund) or 5.7% over the revised 2006-07 budget.

In addition, the 2006-07 budget proposes a \$106.4 million (\$71.2 million General Fund) increase from the enacted budget. This increase is partially funded from appropriations in the existing budget that are to be allocated to the Department for retirement and employee compensation costs. The Department will request a General Fund augmentation of \$51.8 million to cover increased expenditures associated with the purchase of services and supports for consumers and the new minimum wage.

On January 1, 2007, the minimum wage was increased by \$0.75 to \$7.50 per hour, and will increase an additional \$0.50 to \$8.00 per hour on January 1, 2008. The Governor's Budget includes \$26 million in 2006-07 and \$71 million in 2007-08 to increase wages for entry-level direct care staff who provide services in community care facilities, day and work activity programs, respite care and supported living arrangements. The budget also includes proposals to utilize funding available in the Public Transportation Account, to increase federal reimbursements through a Medicaid State Plan Amendment being developed by the Department of Health Services, and to maximize collections for the Medicare Prescription Drug Program. These proposals will not affect services but will reduce General Fund costs.

The Department's budget reflects our continued commitment to improve the health and safety of developmental center residents and resources to activate the 96 bed expansion under construction for the Secure Treatment Program at the Porterville Developmental Center.

During these fiscally challenging times the Administration has continued its commitment to the Lanterman Developmental Disabilities Act by fully funding services and supports for persons with developmental disabilities in both the 2006-07 and 2007-08 budgets.

TERRI DELGADILLO

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2007-08 GOVERNOR'S BUDGET**

FUNDING SUMMARY

(Dollars in Thousands)

	2006-07 Estimated Expenditures	2007-08 Governor's Budget	Difference	Percent Change
BUDGET SUMMARY				
COMMUNITY SERVICES	\$3,314,749	\$3,566,049	\$251,300	7.6%
DEVELOPMENTAL CENTERS	730,629	712,268	-18,361	-2.5%
HEADQUARTERS SUPPORT	40,084	40,106	22	0.1%
TOTALS, ALL PROGRAMS	\$4,085,462	\$4,318,423	\$232,961	5.7%
FUND SOURCES				
General Fund	\$2,572,111	\$2,608,617	\$36,506	1.4%
Reimbursements: Totals All	1,455,658	1,507,901	52,243	3.6%
<i>Home & Community Based Serv. (HCBS) Waiver</i>	755,479	814,165	58,686	7.8%
<i>HCBS Waiver Administration</i>	6,402	6,551	149	2.3%
<i>Medicaid Administration</i>	12,823	13,115	292	2.3%
<i>Targeted Case Management</i>	140,734	140,816	82	0.1%
<i>Targeted Case Management Administration</i>	3,521	3,521	0	0.0%
<i>Medi-Cal</i>	323,642	311,383	-12,259	-3.8%
<i>Title XX Social Services Block Grant</i>	203,903	203,903	0	0.0%
<i>Self-Directed HCBS Waiver</i>	0	787	787	-
<i>Self-Directed HCBS Waiver Administration</i>	0	777	777	-
<i>Vocational Rehabilitation</i>	410	410	0	0.0%
<i>All Other</i>	8,744	12,473	3,729	42.6%
Public Transportation Account (PTA)	0	143,993	143,993	-
Federal Trust Fund	55,144	55,411	267	0.5%
Lottery Education Fund	489	489	0	0.0%
Program Development Fund (PDF)	2,019	2,012	-7	-0.3%
Developmental Disabilities Services Acct. (DDSA)	41	0	-41	-100.0%
AVERAGE CASELOAD				
Developmental Centers	2,834	2,589	-245	-8.6%
Regional Centers	212,155	220,600	8,445	4.0%
AUTHORIZED POSITIONS				
Developmental Centers	7,732.1	7,364.1	-368.0	-4.8%
Headquarters	400.5	403.5	3.0	0.7%

DEPARTMENT OF DEVELOPMENTAL SERVICES 2007-08 GOVERNOR'S BUDGET

PROGRAM HIGHLIGHTS

COMMUNITY SERVICES PROGRAM

To provide services and supports to persons with developmental disabilities in the community, the 2007-08 Governor's Budget updates 2006-07 funding to \$3.3 billion (\$2.1 billion General Fund), an increase of \$76.3 million from the Budget Act of 2006. Proposed funding for 2007-08 is estimated at \$3.6 billion, an increase of \$251.3 million (\$46.5 million General Fund), or 7.6 percent, over the revised 2006-07 budget. The 2007-08 budget assumes an estimated caseload of 220,600 consumers, an increase of 8,445 consumers, or 4 percent, from the 2006-07 revised budget. Significant changes proposed for 2006-07 and 2007-08 are as follows:

Minimum Wage Increases

On January 1, 2007, the California minimum wage increased by \$0.75 to \$7.50 per hour, and will increase an additional \$0.50 to \$8.00 per hour on January 1, 2008. These increases, recently enacted by Chapter 230, Statutes of 2006 (Assembly Bill 1835), will impact entry-level direct care staff who provide services in community care facilities, day and work activity programs, respite care, and supported living arrangements. The fiscal impact of the January 1, 2007 and 2008 increases is estimated to be \$26.4 million (\$18.3 million General Fund) in 2006-07 and \$71.4 million (\$49.8 million General Fund) in 2007-08.

Caseload Update and Increased Service Utilization

As a result of caseload estimates and the projected increase in consumers' utilization of services, the Governor's Budget includes a net increase of \$50.2 million (\$33.6 million General Fund) in 2006-07, and a net increase of \$223.9 million (\$42.7 million General Fund) in 2007-08 for regional center operations and purchase of services.

Increase Federal Reimbursements for Day Program and Non-Medical Transportation Services Provided to ICF-DD Residents

Increased federal financial participation in the delivery of community-based services for regional center consumers is being pursued through a Medicaid State Plan amendment. The Department of Health Services is pursuing an amendment to the Medi-Cal State Plan to include payment for day program and non-medical transportation services for regional center consumers with developmental disabilities residing in intermediate care facilities. These services are currently funded solely

through state General Fund. This change will result in estimated savings of \$44 million General Fund.

One-Time Public Transportation Account Funding for Regional Center Transportation Services

The regional centers contract to provide a number of services to consumers, including transportation services provided by public transit, specialized transportation companies, service providers, and families. These services allow individuals with developmental disabilities to participate in services and other activities identified in their Individual Program Plans. The Governor's Budget includes \$144 million in Public Transportation Account funding on a one-time basis in 2007-08 to replace the General Fund share of regional center transportation costs with no impact on service delivery.

Continuation of Temporary Cost Containment Measures Included in the Enacted Budget

The cost containment measures in effect during the 2006-07 budget are proposed to continue in 2007-08.

DEVELOPMENTAL CENTERS PROGRAM

The 2007-08 Governor's Budget updates the 2006-07 funding to \$730.6 million (\$403.4 million General Fund), an increase of \$27.9 million and 13 positions from the Budget Act. For 2007-08, the budget is estimated to be \$712.3 million (\$393.6 million General Fund), a reduction of \$18.4 million, or 2.5 percent, from the revised 2006-07 budget. The total number of positions proposed for the Developmental Centers budget in 2007-08 is 7,364.1, a net reduction of 368 positions from the revised 2006-07 budget. The budget assumes an average population of 2,589 residents, a decrease of 245 residents from the revised 2006-07 budget. Significant changes proposed for 2006-07 and 2007-08, in addition to those included in the "Planned Closure of Agnews Developmental Center" section below, are as follows:

Developmental Center Population Adjustments

For 2006-07, there is an increase of \$691,000 and 8 positions, including a transfer of \$369,000 General Fund from the Regional Centers budget and an increase of \$322,000 in reimbursements, resulting from the increase of 6 consumers (from 2,828 to 2,834) as consumers transition into the community more gradually than initially projected. For 2007-08, the Budget reflects a decrease of \$30.5 million and 245 consumers in the developmental centers from the revised 2006-07 budget.

Porterville Secure Treatment Program Expansion

The Developmental Centers budget also includes an augmentation of \$1.1 million General Fund in 2007-08 to fund 5 positions, effective January 1, 2008, and equipment required to activate the 96-bed secure treatment expansion and recreation complex at Porterville Developmental Center.

Employee Compensation and Retirement Contributions

The Developmental Centers budget has been increased by \$31.5 million (\$18.3 million General Fund) in 2006-07 and \$33.1 million (\$19.2 million General Fund) in 2007-08 for increased employee compensation, health, and retirement benefits.

DEVELOPMENTAL CENTERS CAPITAL OUTLAY

(Funding not included in the Budget Highlights total)

Fairview Developmental Center

The Capital Outlay budget includes \$0.7 million General Fund to prepare preliminary plans and working drawings for purchase and installation of a new personal alarm locating system (PALS), and \$0.4 million General Fund to prepare preliminary plans and working drawings for the installation of air conditioning for the Goodell School and Activity Center at the Fairview Developmental Center. The PALS will be installed throughout the Fairview Developmental Center and at outdoor areas for the safety of employees and consumers. The air conditioning system will promote better health and comfort.

Porterville Developmental Center

The Capital Outlay budget includes \$1.4 million General Fund to prepare working drawings for renovation of 24 satellite kitchens and dining rooms, and \$0.6 million General Fund to prepare preliminary plans and working drawings for PALS upgrades at the Porterville Developmental Center. The satellite kitchen project will remodel 24 satellite kitchens/dining rooms in the residences to bring these facilities into health and safety code compliance. The PALS upgrade will be installed in Buildings 7 through 18 of the existing Secure Treatment Program (STP). The project will also expand coverage of the PALS to the outdoor areas in the STP and will be compatible with the new 96-Bed expansion and recreation complex system which is currently under construction and scheduled to be completed in June 2008.

PLANNED CLOSURE OF AGNEWS DEVELOPMENTAL CENTER

In 2006-07, there is a systemwide net decrease of \$3.8 million (a \$0.8 million General Fund increase) from the Budget Act for the planned closure of Agnews Developmental Center. This net decrease is comprised of changes to both the Developmental Centers and Regional Centers budgets. The Developmental Centers budget reflects a net decrease of \$2.8 million (a \$0.6 million General Fund increase) which results from a more gradual than projected transition from Agnews Developmental Center of 6 residents, and state employees working in the community. The Regional Centers budget is decreased by \$1.0 million (a \$0.2 million General Fund increase) for updated community placement plan costs and 6 fewer consumers transitioning into the community in 2006-07 than earlier projected.

The Governor's Budget for 2007-08 includes a systemwide net increase from the revised 2006-07 budget of \$40.3 million (\$32.3 million General Fund) due to the anticipated transition of 145 consumers from the Agnews Developmental Center into the community. The Developmental Centers budget decreases by \$10.4 million (\$5.6 million General Fund), reflecting reduced staffing costs associated with the reduction in the number of Agnews Developmental Center residents. The Regional Centers budget is projected to increase by \$50.7 million (\$37.9 million General Fund) for the costs of providing services and supports for the additional consumers in the community.

The systemwide changes also include a funding need to support administrative and operational requirements, as well as closure workload, as the population declines under the Agnews Closure Plan: \$0.4 million and 10 positions in 2006-07, effective January 1, 2007; and \$0.7 million and continuation of the 10 positions in 2007-08.

HEADQUARTERS

The Governor's Budget proposes an increase in 2006-07 from the Budget Act of \$2.2 million (\$1 million General Fund) and 3 positions, totaling \$40.1 million (\$26.6 million General Fund) and 400.5 positions for 2006-07. Proposed funding for 2007-08 is \$40.1 million (\$26.4 million General Fund), a net increase of \$22,000 (a \$0.1 million General Fund decrease) and 3 positions from the revised 2006-07 budget. Significant proposed changes for 2006-07 and 2007-08 are as follows:

Continuation of Activities for Part D of the Medicare Prescription Drug Improvement and Modernization Act of 2003

The Headquarters budget is increased in 2006-07 by 6 administratively established positions (3 personnel years) effective January 1, 2007 and \$0.7 million (\$0.4 million General Fund). In 2007-08 the 6 positions continue, adding the conversion of 2 limited-term positions to permanent in order to support essential workload associated with the continued implementation of Medicare Part D and to maximize revenue to the State of California.

Employee Compensation and Retirement Contributions

The Headquarters budget has been increased by \$2 million (\$1.0 General Fund) in 2006-07 and \$1.9 million (\$0.9 General Fund) in 2007-08 for increased employee compensation, health, and retirement benefits.

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2007-08 GOVERNOR'S BUDGET**

(Dollars in Thousands)

	2006-07 Estimated Expenditures	2007-08 Governor's Budget	Difference	Percent Change
Community Services Program				
Regional Centers	\$3,294,654	\$3,545,954	\$251,300	7.6%
Operations	485,782	500,906	15,124	3.1%
Purchase of Services	2,808,872	3,045,048	236,176	8.4%
Early Intervention Program	20,095	20,095	0	0.0%
Totals, Community Services	\$3,314,749	\$3,566,049	\$251,300	7.6%
General Fund	\$2,140,131	\$2,188,609	\$48,478	2.3%
General Fund Reappropriation	2,000	0	-2,000	-100.0%
PTA	0	143,993	143,993	-
PDF	1,732	1,732	0	0.0%
DDSA	4	0	-4	-100.0%
DDSA Reappropriation	37	0	-37	-100.0%
Federal Trust Fund	52,239	52,495	256	0.5%
Reimbursements	1,118,606	1,179,220	60,614	5.4%
Developmental Centers Program				
Personal Services	\$573,029	\$552,061	-\$20,968	-3.7%
Operating Expense & Equipment	157,600	160,207	2,607	1.7%
Total, Developmental Centers	\$730,629	\$712,268	-\$18,361	-2.5%
General Fund	\$403,422	\$393,567	-\$9,855	-2.4%
Federal Trust Fund	620	620	0	0.0%
Lottery Education Fund	489	489	0	0.0%
Reimbursements	326,098	317,592	-8,506	-2.6%
Headquarters Support				
Personal Services	\$31,955	\$32,444	\$489	1.5%
Operating Expense & Equipment	8,129	7,662	-467	-5.7%
Total, Headquarters Support	\$40,084	\$40,106	\$22	0.1%
General Fund	\$26,558	\$26,441	-\$117	-0.4%
Federal Trust Fund	2,285	2,296	11	0.5%
PDF	287	280	-7	-2.4%
Reimbursements	10,954	11,089	135	1.2%
Totals, All Programs	\$4,085,462	\$4,318,423	\$232,961	5.7%
Total Funding				
General Fund	\$2,570,112	\$2,608,617	\$38,505	1.5%
General Fund Reappropriation	2,000	0	-2,000	-100.0%
Federal Trust Fund	55,144	55,411	267	0.5%
Lottery Education Fund	489	489	0	0.0%
PTA	0	143,993	143,993	-
PDF	2,019	2,012	-7	-0.3%
DDSA	4	0	-4	-100.0%
DDSA Reappropriation	37	0	-37	-100.0%
Reimbursements	1,455,657	1,507,901	52,244	3.6%
Caseloads				
Developmental Centers	2,834	2,589	-245	-8.6%
Regional Centers	212,155	220,600	8,445	4.0%
Authorized Positions				
Developmental Centers	7,732.1	7,364.1	-368.0	-4.8%
Headquarters	400.5	403.5	3.0	0.7%